



QUINCY COMMUNITY SERVICES DISTRICT

900 Spanish Creek Road, Quincy, CA 95971 ▪ (530) 283-0836 ▪ Fax 283-0838

May 12, 2016

Central Valley Water Board
11020 Sun Center Drive,
#200 Rancho Cordova, CA 95670

Re: Cost of Compliance to Rate Payers Due to Renewal of Quincy Community Services District's Waste Discharge Requirements NPDES Permit No. CA0078981,

Central Valley Water Board,

As the Board President for the Quincy Community Services District (QCSD), I am writing you at the request of our Board of Directors to amplify some of our concerns that were shared with your representatives during a meeting and walk-through of the wastewater treatment plant (WWTP) on March 15th. That meeting primarily covered the timing and contents of our (then anticipated) preliminary and final NPDES permit. Our (draft) Preliminary Engineering Report and Feasibility Study by Pace Engineering of Redding became available about three weeks before that meeting.

Our Bi-District QCSD and East Quincy Services District (EQSD) Rate Setting Committee (for wastewater treatment) has been reviewing the feasibility study since then and our board is greatly concerned about the anticipated financial impact on our ratepayers. The WWTP upgrade options in that report range from \$25.7 -to- \$34.7 million and would need to be covered by only 2,787 wastewater customers in American Valley. It has also come to light that two other dischargers in the same river basin feeding Lake Oroville are sending critical effluent components from their plants many times higher than our existing plant. That disparity is unfair as it would be unpopular to our ratepayers if the aforementioned cost metrics continue to hold. It is expected that current rates for wastewater treatment would climb from \$52.22 to \$80.94 within six years—a 55% increase. This increase anticipates maximum grant allocations from both CWSRF and USDA Rural Development, which are no guarantee. If grant allocations are less than anticipated, the future sewer rates will be even higher.

The requirements for this next discharge permit represent a very steep climb for us, and in the current estimates for a plant upgrade, we still do not know if and how much in the way of dilution credits we might be granted that could make the new plant more affordable. We have contacted Integrated Water Management Group for the upper Feather River watershed (for financial help) but there is no discernible timetable for their next grant cycle, or how much and how quickly our upcoming project could be funded by such grant funds. One of the principles that was intimated (but not specified) by one of your staff at the March 15th meeting was that dischargers at the headwaters of river drainages have a greater responsibility for tighter effluent limits than those discharging much further downstream. This adds the perception of a regional discrepancy to the known local difference in discharge parity between small dischargers.

Over 70% of Plumas County is in Federal and State ownership and pays no property tax . Plumas County's population is the same as it was in 1970, and additional retail stores continue to vanish. All of those destroyed by fire (as along Quincy's Main Street over two years ago) are not yet rebuilt. Our population's concentrations are outside of reasonable commuting distance for jobs in the Central Valley or Nevada.

I realize the boundaries of your regulatory jurisdiction do not include the financing of projects. However, the simple truth is that our ability to construct the project that you demand from us can only proceed if there are significant portions borne by grant funding. As a part of our preliminary work, we will again see that an income study is conducted to help qualify us for grant funding. I would add that whatever those results, low or high, there are still not enough ratepayers to handle the financial challenges presented by the anticipated project.

If you have questions or comments, please contact the District Office at 530-283-0836.

Sincerely,



Richard Castaldini
Board President

Cc: Congressmen LaMalfa
Assemblyman Brian Dahle
Senator Gaines
Supervisor Simpson
Supervisor Engel
IRWMG